Al Meera Consumer Goods Company Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL MEERA CONSUMER GOODS COMPANY Q.S.C.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Meera Consumer Goods Company Q.S.C. (the "Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL MEERA CONSUMER GOODS COMPANY Q.S.C. (CONTINUED)

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

We identified the following key audit matters:

Goodwill impairment assessment

As described in Note 7 to the consolidated financial statements the goodwill balance as of the reporting date is QR 344,097,998, which represents around 16% of the total assets of the Group.

The management uses the value in use assessment to support the carrying value of the goodwill and the resulting impairment, if any. This assessment involves the application of subjective judgement about future business performance. Therefore, the assumptions made by management in the impairment review have been considered by the audit team to be the key areas of judgement, notably the cash flow forecasts, overall growth rates, inflation rates, terminal value and the discount rates applied. Therefore, this has been considered as a key audit matter.

How our audit addressed the key audit matter
We evaluated management's future cash flow forecasts and the process by which they were determined and approved, including ensuring that forecasts were consistent with the latest Board approved budgets and the mathematical accuracy of the underlying calculations were accurate. We also considered the accuracy of previous forecasts made by management.

We obtained and evaluated the corroborating evidence regarding the carrying value of goodwill, and the related disclosures, such as key assumptions for growth rates in the cash flow forecasts by comparing them to historical results, economic forecasts and the discount rates by independently estimating a range based on market data. We performed sensitivity analysis around these assumptions to ascertain the extent of change that individually would be required for the goodwill to be impaired. We involved our internal specialists for this purpose.

Other Matter
The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 21 February 2016.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL MEERA CONSUMER GOODS COMPANY Q.S.C. (CONTINUED)

Report on the Audit of Consolidated Financial Statements (continued)

Other Information included in the Group's 2016 Annual Report

Other information consists of the information included in Annual Report other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. The Group's 2016 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL MEERA CONSUMER GOODS COMPANY Q.S.C. (CONTINUED)

Report on the Audit of Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL MEERA CONSUMER GOODS COMPANY Q.S.C. (CONTINUED)

Report on the Audit of Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)
From the matters communicated with Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Group's financial position or performance.

Ziad Nader
of Ernst & Young
Auditor's Registration No. 258

Date: 20 February 2017
Doha

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	Notes	*2016* *QR*	*2015* *QR*
Continuing operations			
Sales		**2,604,445,088**	2,449,080,123
Cost of sales		**(2,162,708,043)**	(2,021,922,739)
Gross profit		**441,737,045**	427,157,384
Shops rental income		**69,255,385**	50,333,872
Other income	3	**20,593,343**	21,088,129
General and administrative expenses	4	**(278,163,392)**	(252,786,100)
Depreciation and amortisation	6 & 8	**(48,150,302)**	(35,651,184)
Impairment losses on investment securities	9	**-**	(47,550,889)
Share of loss of an associate	10	**(1,478,239)**	(692,902)
Finance costs		**(3,581,182)**	(2,863,370)
Profit before tax from continuing operations		**200,212,658**	159,034,940
Income tax expense	5	**(335,274)**	(122,492)
Profit for the year from continuing operations		**199,877,384**	158,912,448
Discontinued operations			
Profit after tax for the year from discontinued operations	16	**-**	3,430,004
Profit for the year		**199,877,384**	162,342,452
Attributable to:			
Equity holders of the parent		**199,155,622**	162,094,323
Non-controlling interests	27	**721,762**	248,129
		199,877,384	162,342,452
Earnings per share			
Basic and diluted earnings per share attributable to equity holders of the parent from continuing and discontinued operations	25	**9.96**	8.10
Basic and diluted earnings per share attributable to equity holders of the parent from continuing operations	25	**9.96**	7.93

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 *QR*	*2015* *QR*
PROFIT FOR THE YEAR	**199,877,384**	162,342,452
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Investment securities:		
Net change in the fair value	**1,643,265**	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Available-for-sale investments:		
Impairment losses	**-**	47,550,889
Net gain on disposal	**-**	(1,540,390)
Net loss arising during the year on revaluation	**-**	(44,035,128)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**-**	1,975,371
Total other comprehensive income	**1,643,265**	1,975,371
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**201,520,649**	164,317,823
Attributable to:		
Equity holders of the parent	**200,798,887**	164,069,694
Non-controlling interests	**721,762**	248,129
	201,520,649	164,317,823

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	*2016* *QR*	*2015* *QR*
ASSETS			
Non-current assets			
Property and equipment	6	**920,678,425**	691,190,809
Goodwill	7	**344,097,998**	344,097,998
Other intangible assets	8	**7,288,654**	8,730,961
Investment securities	9	**159,926,871**	210,262,821
Investment in associates	10	**98,497**	98,497
Deferred tax assets	5	**-**	298,937
Total non-current assets		**1,432,090,445**	1,254,680,023
Current assets			
Inventories	11	**184,862,105**	183,419,260
Accounts receivable and prepayments	12	**64,898,722**	51,084,395
Amounts due from related parties	20	**8,477,240**	5,660,379
Bank balances and cash	13	**500,553,676**	471,522,458
Total current assets		**758,791,743**	711,686,492
TOTAL ASSETS		**2,190,882,188**	1,966,366,515
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**200,000,000**	200,000,000
Legal reserve	15	**901,289,603**	901,289,603
Optional reserve	15	**21,750,835**	21,750,835
Other reserves	15	**(7,120,717)**	(11,943,444)
Retained earnings		**285,829,206**	273,927,930
Equity attributable to equity holders of the parent		**1,401,748,927**	1,385,024,924
Non-controlling interests	27	**40,890,851**	40,169,089
Total equity		**1,442,639,778**	1,425,194,013
Non-current liabilities			
Interest bearing loans and borrowings	17	**121,546,529**	84,963,255
Employees' end of service benefits	18	**28,843,897**	25,799,696
Total non-current liabilities		**150,390,426**	110,762,951
Current liabilities			
Accounts payable and accruals	19	**585,505,538**	426,844,718
Deferred tax liability	5	**36,337**	-
Interest bearing loans and borrowings	17	**12,310,109**	3,564,833
Total current liabilities		**597,851,984**	430,409,551
Total liabilities		**748,242,410**	541,172,502
TOTAL EQUITY AND LIABILITIES		**2,190,882,188**	1,966,366,515

H.E. Shiekh Thani Bin Thamer Bin Mohamed Al Thani
Chairman

Dr. Saif Saeed Al-Sowaidi
Vice Chairman

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Notes	**2016 QR**	2015 QR
OPERATING ACTIVITIES			
Profit before tax		**200,212,658**	162,464,944
Adjustments for:			
Depreciation and amortisation	6&8	**48,150,302**	35,748,867
Interest income	3	**(8,410,371)**	(6,459,861)
Gain on sale of investment securities	3	**-**	(1,051,844)
Allowance made for credit loss provision	28	**178,048**	325,760
Provision for employees' end of service benefits	18	**5,745,073**	4,564,955
Impairment losses on investment securities	9	**-**	47,550,889
Provision for obsolete and slow moving inventories	11	**2,787,305**	742,722
Share in loss of an associate	10	**1,478,239**	692,902
Gain on sale of investment in subsidiary	16	**-**	(4,641,573)
Gain on disposal of property and equipment		**15,912**	(884,412)
Dividend income	3	**(9,800,370)**	(9,276,948)
Finance costs		**3,581,182**	2,863,370
Operating profit before changes in working capital		**243,937,978**	232,639,771
Working capital changes:			
Inventories		**(4,230,150)**	(12,753,916)
Accounts receivable and prepayments		**(13,274,410)**	(12,360,892)
Amounts due from related parties		**(2,816,861)**	(1,192,235)
Accounts payable and accruals		**138,503,504**	(21,006,463)
Cash flows from operating activities		**362,120,061**	185,326,265
Employees' end of service benefits paid	18	**(2,700,872)**	(1,989,107)
Payment of contribution to social and sports fund		**(3,820,434)**	(5,465,891)
Net cash flows from operating activities		**355,598,755**	177,871,267
INVESTING ACTIVITIES			
Net proceeds on disposal of interest in a subsidiary	16	-	2,878,353
Purchase of investment securities		**(58,505,662)**	(195,494,585)
Proceeds from sale of investment securities		**111,161,918**	151,012,391
Purchase of property and equipment	6	**(276,219,852)**	(138,348,380)
Purchase of intangible assets	8	**(91,148)**	-
Proceeds from disposal of property and equipment		**99,477**	980,907
Net movement in deposits maturing after 90 days		**(24,616,000)**	295,316,000
Dividends received	3	**9,800,370**	9,276,948
Interest received		**8,410,371**	9,243,339
Net cash flows (used in) from investing activities		**(229,960,526)**	134,864,973
FINANCING ACTIVITIES			
Dividends paid		**(162,252,413)**	(167,254,608)
Net movement in interest bearing loans and borrowings		**45,328,549**	-
Interest paid		**(3,581,182)**	(2,615,205)
Net cash used in financing activities		**(120,505,046)**	(169,869,813)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,133,183**	142,866,427
Cash and cash equivalents at 1 January		**338,522,458**	195,656,031
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	13	**343,655,641**	338,522,458

The attached notes 1 to 31 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Equity attributable to equity holders of the parent						*Non-controlling interests*	
	Share capital QR	*Legal reserve QR*	*Optional reserve QR*	*Other reserves QR*	*Retained earnings QR*	*Total QR*	*QR*	*Total QR*
Balance as at 1 January 2015	200,000,000	901,289,603	21,750,835	(13,918,815)	295,654,041	1,404,775,664	39,920,960	1,444,696,624
Profit for the year	-	-	-	-	162,094,323	162,094,323	248,129	162,342,452
Other comprehensive income	-	-	-	1,975,371	-	1,975,371	-	1,975,371
Total comprehensive income for the year	-	-	-	1,975,371	162,094,323	164,069,694	248,129	164,317,823
Appropriation for contribution to social and sports fund (Note 24)	-	-	-	-	(3,820,434)	(3,820,434)	-	(3,820,434)
Dividends paid (Note 23)	-	-	-	-	(180,000,000)	(180,000,000)	-	(180,000,000)
Balance as at 31 December 2015	200,000,000	901,289,603	21,750,835	(11,943,444)	273,927,930	1,385,024,924	40,169,089	1,425,194,013
Adjustment on adoption of IFRS 9 (Note 31)	-	-	-	677,041	-	677,041	-	677,041
Adjusted total equity at 1 January 2016	200,000,000	901,289,603	21,750,835	(11,266,403)	273,927,930	1,385,701,965	40,169,089	1,425,871,054
Profit for the year	-	-	-	-	199,155,622	199,155,622	721,762	199,877,384
Reclassification of losses on sales of investment securities	-	-	-	2,502,421	(2,502,421)	-	-	-
Other comprehensive income	-	-	-	1,643,265	-	1,643,265	-	1,643,265
Total comprehensive income for the year	-	-	-	4,145,686	196,653,201	200,798,887	721,762	201,520,649
Appropriation for contribution to social and sports fund (Note 24)	-	-	-	-	(4,751,925)	(4,751,925)	-	(4,751,925)
Dividends paid (Note 23)	-	-	-	-	(180,000,000)	(180,000,000)	-	(180,000,000)
Balance as at 31 December 2016	**200,000,000**	**901,289,603**	**21,750,835**	**(7,120,717)**	**285,829,206**	**1,401,748,927**	**40,890,851**	**1,442,639,778**

The attached notes 1 to 31 form part of these consolidated financial statements.

1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

On 13 July 2004, the Law No. (24) for 2004 was issued in order to transfer the former Consumers Cooperative Societies to Qatari Shareholding Company with a capital of QR 100,000,000, thus, incorporating a new company Al Meera Consumer Goods Company Q.S.C. (the "Company") which is governed by the Qatar Commercial Companies Law No. 11 of 2015. The Company was registered under commercial registration number 29969 on 2 March 2005. The Company's registered office address is at P.O. Box 3371 Doha, State of Qatar.

The Company and its subsidiaries (together the "Group") are mainly involved in wholesale and retail trading of various types of consumer goods commodities, owning and managing consumer outlets and trading in food stuff and consumer goods.

The Company is listed on the Qatar Exchange. During the year, an extra ordinary general meeting held on 5 October 2016, the shareholders have resolved to transfer 26% ownership of the Company, which was held by the Government of Qatar to Qatar Holding L.L.C.

The consolidated financial statements of the Group were authorised for issue by the Board of Directors on 20 February 2017.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements are prepared under the historical cost convention except for investment securities that have been measured at fair value.

The consolidated financial statements are presented in Qatari Riyals ("QR"), which is the Group's functional and presentation currency.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and applicable requirements of Qatar Commercial Companies' Law No. 11 of 2015.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to consolidated financial statements are disclosed in Note 30.

2.2 Basis of consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. These consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Group's equity there in. Non-controlling interest consists of the amount of those interest at the date of the original business combination and the non-controlling interest share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest have a blindly obligation and are able to make an additional investment to cover the losses.

The principal subsidiaries and associates of the Group, included in the consolidated financial statements of Al Meera Consumer Goods Company Q.S.C. are as follows:

			Group effective shareholding percentage	
Name of subsidiaries	***Country of incorporation***	***Relationship***	***2016***	*2015*
Al Meera Holding Company L.L.C.	Qatar	Subsidiary	**100%**	100%
Al Meera Supermarkets Company S.P.C.	Qatar	Subsidiary	**100%**	100%
Al Meera Development Company L.L.C.	Qatar	Subsidiary	**100%**	100%
Qatar Markets Company W.L.L.	Qatar	Subsidiary	**100%**	100%
Alge Retail Corporation Sarl	Switzerland	Subsidiary	**51%**	51%
Al Meera Oman S.A.O.C	Oman	Subsidiary	**70%**	70%
Al Meera Markets S.A.O.C	Oman	Subsidiary	**70%**	70%
Al Meera Bookstore S.P.C	Qatar	Subsidiary	**100%**	100%
Al Oumara Bakeries Company W.L.L.	Qatar	Associate	**51%**	51%
Aramex Logistics Services Company L.L.C.	Qatar	Associate	**51%**	51%

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

Al Meera Holding Company L.L.C. ("Al Meera Holding") is a limited liability company, incorporated in the State of Qatar. The Company is a holding company for holding the Group's investments and managing its subsidiaries, owning patents, trademarks and real estate needed to carry out its activities.

Al Meera Supermarkets Company S.P.C. ("Al Meera Supermarkets") is a single person company incorporated in the State of Qatar. The Company is engaged in the establishment and management of business enterprise and investing therein, owning share, moveable and immovable properties necessary to carry out its activities.

Al Meera Development Company L.L.C. ("Al Meera Development") is a limited liability company, incorporated in the State of Qatar. The Company is engaged in establishment and management of business enterprise and investing therein, owning patents, trade-works and real estate needed to carry out its activities.

Qatar Markets Company W.L.L. ("Qatar Markets") is a limited liability company, incorporated in the state of Qatar. The Company is engaged in the sale of food stuff, household items and garments.

Al Oumara Bakeries Company W.L.L. ("Al Oumara Bakeries") is a limited liability company, incorporated in the State of Qatar. The Company is engaged in manufacture and sale of bakery products.

Alge Retail Corporation Sarl ("Alge Corporation") is a limited liability company incorporated in Switzerland. The Company is engaged in development of retail business in Tunisia, Libya, Egypt and Jordan. As at the reporting date, this company has not commenced its operations.

Al Meera Oman S.A.O.C. ("Al Meera Oman") is a limited liability company incorporated in Sultanate of Oman. The Company is engaged in the construction and management of shopping centers and related facilities. As at the reporting date, this company has not commenced its operations.

Al Meera Markets S.A.O.C. ("Al Meera Market") is a limited liability company incorporated in Sultanate of Oman. The Company is engaged in the establishment and operation of shopping centers, supermarkets, and hypermarkets.

Al Meera Bookstore S.P.C. ("Al Meera Bookstore") is a single person company incorporated in the State of Qatar. The Company is engaged in the sale of stationery, computer accessories, books and toys.

Aramex Logistics Services Company L.L.C. is a limited liability company incorporated in State of Qatar. The Company is engaged in the warehousing and delivery truck services. As at the reporting date, this company has not commenced its operations.

2.3 New and amended standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for:

a) Early adopted IFRS 9 Financial Instruments

The Group has early adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2016. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. The impacts of the change in accounting policy have been disclosed in Note 31.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New and amended standards and interpretations adopted by the Group (continued)

b) Adoption of other new standards and interpretations effective as of 1 January 2016

Titles
IFRS 14 Regulatory Deferral Accounts
Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisition of Interests
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants
Amendments to IAS 1: Disclosure Initiative
Amendments to IFRS 10, IFRS 12 and IAS 28 investment Entities: Applying the Consolidation Exception
Annual Improvements 2012 – 2014 Cycle
Amendments to IAS 27: equity method in separate financial statements.

Although these new standards and amendments were applied for the first time in 2016, they did not have material impact to the consolidated financial statements of the Group.

2.4 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Titles	***Effective dates***
Disclosure initiative (Amendment to IAS 7)	1 January 2017
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Classification and measurement of share – based payment transactions (Amendments to IFRS 2)	1 January 2018
Amendments to IFRS 10 and IAS 28: sale or contribution of Assets between an Investor and its associate or Joint venture	Deferred

The Group is assessing the impact of implementation of these standards.

2.5 Significant accounting policies

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

Sale of goods - retail
The Group operates a chain of retail outlets. Sales of goods are recognised when the Group sells a product to the customer. Retail sales are usually in cash or by credit card.

Shop rental income
Rental income is recognised in the consolidated statement of profit or loss on a straight-line basis over the team of the lease.

Dividend and interest income
Dividend income from investments is recognised when the Group's right to receive payment has been established. Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimates future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Property and equipment

Property and equipment is stated at cost, less accumulated depreciation and accumulated impairment in value. Land and capital work-in -progress is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows;

Buildings	2.5%
Refrigerators and equipment	10%
Motor vehicles	20%
Furniture and fixtures	20%
Computer equipment	20% - 33%
Leasehold improvements	10% - 33%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the consolidated statement of profit or loss in the year the asset is derecognised.

The asset's residual values, useful life and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Lands donated by Government are recorded at nominal amounts estimated by the management.

Capital work-in-progress

The costs of capital work-in-progress consist of the contract value, and directly attributable costs of developing and bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management. The costs of capital work-in-progress will be transferred to property and equipment when these assets reach their working condition for their intended use. The carrying values of capital work-in-progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in its associates are accounted for using the equity method. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group’s share of net assets of the associate. Losses in excess of the cost of the investment in associates are recognised when the Group has incurred obligations on its behalf. Goodwill relating to associates are included in the carrying amounts of the investment and are not amortised.

The consolidated statement of profit or loss reflects the Group’s share of the results of operations of the associates. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate. Unrealised gains and losses resulting from transactions between the Group and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Group’s share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is an objective evidence that the investment in the associate is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Investments and other financial assets

(i) Classification

From 1 January 2016, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the profit or loss statement within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the interest income.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Investments and other financial assets (continued)

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment
The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27 details how the Group determines whether there has been a significant increase in credit risk.

For trade accounts receivable except for receivables from government institution, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Accounting policies applied prior to 1 January 2016

Investment securities
Available-for-sale investments:
Available-for-sale financial investments include equity investments and debt securities. Available-for-sale investments are either designated in this category or not classified in any other categories. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. Available-for-sale investments are recognised initially at fair value plus transaction costs.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the fair value reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in investment income, or when the investment is determined to be impaired, the cumulative loss is reclassified from the fair value reserve to the consolidated statement of profit or loss. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the Effective Interest Rate (EIR) method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity.

Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For financial assets reclassified from the available-for-sale category, the related fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of profit or loss.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Accounting policies applied prior to 1 January 2016 (continued)

Financial assets

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial liabilities
Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

Subsequent measurement
Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss
Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by IAS 39.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

The Group has not designated any financial liabilities as at fair value through profit or loss.

Derecognition of financial assets and liabilities

a) Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

b) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Accounting policies applied prior to 1 January 2016 (continued)

Impairment and uncollectibility of financial assets
An assessment is made at each end of the reporting period to determine whether there is an objective evidence that a specific financial asset may be impaired. If any such evidence exists, impairment loss is recognised in the consolidated statement of profit or loss. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts receivable
Accounts receivable are carried at original invoiced amount less impairment for non-collectability of these receivables. An allowance for impairment is made when there is an objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Cash and cash equivalents
Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, bank balances and short-term deposits with an original maturity of three months or less, net of bank overdrafts, if any.

Interest bearing loans and borrowings
Interest bearing loans and borrowings are recognised initially at fair value of the amount borrowed, less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings and subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

Gain or loss is recognised in consolidated statement of profit or loss when the liability is derecognised.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs include those expenses incurred in bringing each product to its present location and condition. Cost is determined using the First In First Out (FIFO) method. Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Fair value measurement
The Group measures financial instruments, such as, derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Foreign currencies

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange ruling at date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the exchange rate ruling at reporting date. Any gain or loss arising from changes in exchange rates is recognised in the consolidated income statement.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Employees' end of service benefits

End of service gratuity plans

The Group provides end of service benefits to its employees in accordance with employment contracts and Qatar Law No. 14 of 2004, the Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension plan

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for services received or when the risks and rewards associated with goods are transferred to the Group, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's top management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Taxes

Taxes are calculated based on tax laws and regulations in other jurisdictions in which the Group operates. Tax provision is made based on an evaluation of the expected tax liability. The Group operations inside Qatar are not subject to income tax.

Current income tax:

Current income tax assets and liabilities for the current year and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the financial reporting year.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting year.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unutilised tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unutlised tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the financial reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the financial reporting year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the financial reporting year.

Deferred tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting policies (continued)

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee
Finance leases that substantially transfer all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain benefit after the end of the lease term, the asset is depreciated over the lease term.

Operating lease payments are recognised as an operating expense in the consolidated statement of profit or losson a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer, substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Current versus non-current classification
The Group presents assets and liabilities based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Use of estimates
The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates (See Note 30).

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 OTHER INCOME

	2016	2015
	QR	*QR*
Dividend income	**9,800,370**	9,276,948
Interest income	**8,410,371**	6,459,861
Gain on sale of available for sale of investments (net)	**-**	1,051,844
Gain on sale of property and equipment	**-**	884,412
Miscellaneous income	**2,382,602**	3,415,064
	20,593,343	21,088,129

4 GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
	QR	*QR*
Salaries, wages and other benefits	**147,480,350**	141,231,298
Rent	**41,966,577**	39,825,039
Contract labour charges	**23,098,790**	18,123,419
Water and electricity	**19,251,275**	13,098,586
Repairs and maintenance	**8,671,366**	6,405,425
Bank charges, commission and credit card charges	**7,614,230**	6,871,741
Board of Directors’ remuneration	**6,234,936**	5,381,575
Franchise fee	**3,231,928**	3,327,991
Advertisement expenses	**3,122,179**	4,925,585
Vehicle running and insurance expenses	**2,941,081**	2,779,243
Telephone and postage	**2,691,477**	2,170,229
Travelling expenses	**2,135,040**	2,266,639
Consulting and professional fees	**1,732,300**	1,293,208
Printing and stationery	**1,331,602**	1,386,051
Donations	**90,699**	106,285
Loss on sale of property and equipment	**15,912**	-
Others	**6,553,650**	3,593,786
	278,163,392	252,786,100

5 INCOME TAX

The major components of income tax expenses is as follows:

	2016	2015
	QR	*QR*
Income tax expense		
Deferred income tax	**335,274**	122,492
Income tax expense reported in the statement of profit or loss	**335,274**	122,492

The Group is subject to income tax on its operation in the Sultanate of Oman. Due to tax losses incurred on operations in Sultanate of Oman, no current tax expenses were recognised during the year.

The movements on the deferred income tax assets (liability) as follows:

	2016	2015
	QR	*QR*
Balance at 1 January	**298,937**	421,429
Reversal of temporary differences for the year	**(335,274)**	(122,492)
At 31 December	**(36,337)**	298,937

6 PROPERTY AND EQUIPMENT

	Land *QR*	*Buildings* *QR*	*Refrigerators and equipment* *QR*	*Motor vehicles* *QR*	*Furniture and fixtures* *QR*	*Computer equipment* *QR*	*Leasehold and other improvements* *QR*	*Capital work in progress* *QR*	*Total* *QR*
Cost:									
At 1 January 2016	5,872,473	524,328,039	183,405,447	16,560,896	22,898,204	15,207,438	58,849,549	39,702,741	866,824,787
Additions	-	2,539,470	4,397,339	140,253	2,184,918	3,326,429	1,952,509	261,678,934	276,219,852
Disposals	-	-	(113,897)	(6,019)	(5,930)	(29,122)	(456,312)	(25,753)	(637,033)
Transfers	-	78,863,685	19,066,933	-	12,796,459	1,809,143	7,088,352	(119,624,572)	-
Reclassification	-	(8,089,875)	(6,428,129)	-	123,150	6,304,979	8,089,875	-	-
At 31 December 2016	5,872,473	597,641,319	200,327,693	16,695,130	37,996,801	26,618,867	75,523,973	181,731,350	1,142,407,606
Depreciation:									
At 1 January 2016	-	69,420,486	62,762,028	7,343,303	6,614,267	12,088,740	17,405,154	-	175,633,978
Charge for the year	-	12,080,607	16,497,814	2,531,515	4,086,578	3,452,259	7,968,074	-	46,616,847
Reclassification	-	(101,050)	(2,033,284)	-	84,420	1,948,865	101,049	-	-
Relating to disposals	-	-	(61,082)	(5,999)	-	(5,977)	(448,586)	-	(521,644)
At 31 December 2016	-	81,400,043	77,165,476	9,868,819	10,785,265	17,483,887	25,025,691	-	221,729,181
Net carrying amount:									
At 31 December 2016	**5,872,473**	**516,241,276**	**123,162,217**	**6,826,311**	**27,211,536**	**9,134,980**	**50,498,282**	**181,731,350**	**920,678,425**

Note:

Buildings with a carrying amount of QR 265,304,584 were constructed on leased lands from Government of Qatar. These lands were acquired on operating leases for a period of 25 years. The management has resolved to depreciate these leasehold buildings over 40 years based on the expected useful life period and they believe that these lease contracts can be renewed for another definite period of time.

6 PROPERTY AND EQUIPMENT (CONTINUED)

	Land *QR*	*Buildings* *QR*	*Refrigerators and equipment* *QR*	*Motor vehicles* *QR*	*Furniture and fixtures* *QR*	*Computer equipment* *QR*	*Leasehold and other improvements* *QR*	*Capital work in progress* *QR*	*Total* *QR*
Cost:									
At 1 January 2015	5,452,860	212,084,253	132,226,032	8,938,032	10,257,298	16,485,178	30,138,417	320,252,446	735,834,516
Additions	109,583	677,698	5,152,298	2,876,511	12,242,041	1,146,503	3,373,671	112,770,075	138,348,380
Disposals	-	-	(49,391)	(1,416,697)	(58,289)	-	(37,938)	-	(1,562,315)
Transfers	310,030	311,566,088	51,015,249	6,346,000	1,131,257	(2,424,243)	25,375,399	(393,319,780)	-
Derecognition from disposal of a subsidiary (Note 16)	-	-	(4,938,741)	(182,950)	(674,103)	-	-	-	(5,795,794)
At 31 December 2015	5,872,473	524,328,039	183,405,447	16,560,896	22,898,204	15,207,438	58,849,549	39,702,741	866,824,787
Depreciation:									
At 1 January 2015	-	61,677,848	53,283,591	6,495,835	5,192,054	9,569,023	11,596,150	-	147,814,501
Charge for the year	-	7,742,638	13,736,996	2,386,973	2,032,073	2,519,717	5,814,649	-	34,233,046
Relating to disposals	-	-	(40,221)	(1,410,950)	(3,004)	-	(5,645)	-	(1,459,820)
Derecognition from disposal of a subsidiary (Note 16)	-	-	(4,218,338)	(128,555)	(606,856)	-	-	-	(4,953,749)
At 31 December 2015	-	69,420,486	62,762,028	7,343,303	6,614,267	12,088,740	17,405,154	-	175,633,978
Net carrying amount:									
At 31 December 2015	5,872,473	454,907,553	120,643,419	9,217,593	16,283,937	3,118,698	41,444,395	39,702,741	691,190,809

6 PROPERTY AND EQUIPMENT (CONTINUED)

The depreciation charged has been allocated in the consolidated statement of profit or loss as follows:

	2016 ***QR***	*2015* *QR*
Cost of sales	**-**	97,683
Depreciation	**46,616,847**	34,135,363
	46,616,847	34,233,046

7 GOODWILL

The carrying amount of goodwill has been allocated to the following cash generating units:

	2016 ***QR***	*2015* *QR*
Qatar Markets Company W.L.L.	**227,028,986**	227,028,986
Al Meera Market S.A.O.C. (Al Safeer Oman) – five supermarkets	**117,069,012**	117,069,012
	344,097,998	344,097,998

The recoverable amounts of these cash generating units have been determined based on value in use calculations. The calculation uses cash flow projections based on forecast revenues and profit margins approved by management covering 5 years period at a discount rate of 8% (2015: 7%). The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The cash flows beyond five – year period are extrapolated using a steady growth rate of 3.6% (2015: 5%), which is the projected long term growth rate of the Group.

Other assumptions used in calculation of value in use includes expected revenue growth rate, fixed average EBITDA margin and capital expenditure forecast. Current and historical transactions have been used as indicators of future transactions.

Management believes that any reasonably possible change in the above key assumptions on which the recoverable amount is based would not cause the carrying value of the goodwill to materially exceed its recoverable amount, accordingly, no impairment loss was recognised in years 2016 and 2015. No impairment has been recognised on Goodwill since its initial recognition.

8 OTHER INTANGIBLE ASSETS

This represents the customer contracts and non-compete agreement acquired in the business combination and computer software. These assets are amortised over its useful economic lives.

8 OTHER INTANGIBLE ASSETS (CONTINUED)

The movements are as follows:

	2016	*2015*
	QR	*QR*
Cost:		
At 1 January	**17,720,027**	17,714,027
Additions	**91,148**	-
Transfers	**-**	6,000
At 31 December	**17,811,175**	17,720,027
Amortisation:		
At 1 January	**8,989,066**	7,473,245
Charge for the year	**1,533,455**	1,515,821
At 31 December	**10,522,521**	8,989,066
Net carrying amount:		
31 December	**7,288,654**	8,730,961

9 INVESTMENT SECURITIES

	2016	*2015*
	QR	*QR*
Quoted equity shares	**145,574,712**	196,562,702
Unquoted equity shares	**14,352,159**	13,700,119
	159,926,871	210,262,821

Notes:

(i) Investment securities represent investments in quoted and un-quoted shares carried at fair value through other comprehensive income (FVOCI).

(ii) The above quoted equity investments are managed by reputable assets managers, who take investment decisions on behalf of the Group.

(iii) Upon disposal of these equity investments, any balances within the OCI reserve for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

(iv) The explanations regarding the change of accounting policy have been disclosed in Note 31.

(v) The movements in these investment securities are as follows:

	2016	*2015*
	QR	*QR*
At 1 January	**210,262,821**	210,304,302
Additions	**58,505,662**	195,494,585
Disposals	**(111,161,918)**	(149,960,548)
Changes in fair value of investment	**1,643,265**	1,975,371
Adjustment on adoption of IFRS 9 (Note 31)	**677,041**	-
Impairment loss	**-**	(47,550,889)
At 31 December	**159,926,871**	210,262,821

10 INVESTMENT IN ASSOCIATES

The Group has the following investment in associates:

Name of associate	*Principal activity*	*Place of incorporation and operation*	*Proportion of ownership interest* **2016 %**	*2015 %*
Aramex Logistics Services Company L.L.C. (i)	Warehousing, value added services and delivery truck	Qatar	**51%**	51%
Al Oumara Bakeries Company W.L.L. (ii)	Manufacture and sale of bakery products	Qatar	**51%**	51%

The movement of investment in associates is as follows:

	2016 QR	*2015 QR*
At 1 January	**98,497**	98,497
Provision recorded on Al Oumara Bakeries Company W.L.L.	**(2,401,478)**	(1,708,576)
Share of results	**(1,478,239)**	(692,902)
Presented separately as a provision for deficit in an associate on Al Oumara Bakeries Company W.L.L. (Note 19)	**3,879,717**	2,401,478
	98,497	98,497

i) Aramex Logistics Services Company L.L.C.

Summarised statement of financial position and statement of profit or loss:

	2016 QR	*2015 QR*
Total assets	**200,000**	200,000
Total liabilities	**(6,869)**	(6,869)
Net assets	**193,131**	193,131
Interest in associate	**51%**	51%
Group's share in associate's net assets	**98,497**	98,497
Net loss for the year	-	-
Group's share in associate's net losses	-	-

10 INVESTMENT IN ASSOCIATES (CONTINUED)

ii) Al Oumara Bakeries Company W.L.L.

a) Summarised statement of financial position:

	2016 *QR*	*2015* *QR*
Current assets	**1,213,628**	1,135,678
Non-current assets	**554,202**	758,037
Non-current liabilities	**(239,484)**	(168,351)
Current liabilities	**(9,135,634)**	(6,434,144)
Net assets	**(7,607,288)**	(4,708,780)
Interest in associate	**51%**	51%
Carrying amount of investment	**(3,879,717)**	(2,401,478)

b) Summarised statement of profit or loss:

	2016 *QR*	*2015* *QR*
Sales	**3,987,357**	3,890,068
Cost of sales	**(6,430,206)**	(5,445,059)
Gross loss	**(2,442,849)**	(1,554,991)
Other Income	**-**	38,000
General and administrative expenses	**(401,264)**	(113,297)
Depreciation and amortisation expenses	**(54,395)**	(47,550)
LOSS FOR THE YEAR	**(2,898,508)**	(1,677,838)
Interest in associate	**51%**	51%
Share of loss of an associate	**1,478,239**	692,902

Note:

The share in the net assets of this associate was brought to Nil due to deficits in equity of this investee at the reporting date. The Group has recognised the share in net deficit amounting to QR 3.8 million as at 31 December 2016 as provision for deficit in associate (2015: QR 2.4 million) (Note 19).

11 INVENTORIES

	2016 *QR*	*2015* *QR*
Finished goods	**188,391,278**	184,684,471
Consumables and spare parts	**1,676,167**	1,152,824
	190,067,445	185,837,295
Less: Provision for obsolete and slow moving inventories	**(5,205,340)**	(2,418,035)
	184,862,105	183,419,260

11 INVENTORIES (CONTINUED)

The movement in the provision for obsolete and slow moving inventories is as follows:

	2016 QR	*2015 QR*
At 1 January	**2,418,035**	1,675,313
Charge for the year	**2,787,305**	742,722
At 31 December	**5,205,340**	2,418,035

12 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2016 QR	*2015 QR*
Trade accounts receivable	**11,914,829**	13,832,546
Less: Allowance for impairment of receivables (Note 28)	**(1,780,129)**	(2,320,046)
	10,134,700	11,512,500
Credit card receivables	**17,222,818**	6,911,351
Advances to supplier	**13,981,183**	12,017,419
Deposits	**9,252,602**	7,511,302
Prepaid expenses	**6,990,009**	5,856,599
Staff receivables	**3,779,027**	3,817,246
Rent receivables	**1,838,297**	1,789,356
Accrued interest income	**1,201,941**	1,353,033
Other receivables	**498,145**	315,589
	64,898,722	51,084,395

Notes:

i) The credit risk disclosures to expected credit losses on trade accounts receivable under IFRS 9, have been disclosed in Note 28.

ii) It is not the practice of the Group to obtain collateral over trade accounts receivable and the vast majority are, therefore, unsecured.

13 CASH AND CASH EQUIVALENTS

	2016 QR	*2015 QR*
Cash in hand	**2,988,921**	2,025,116
Cash at bank	**246,628,938**	271,131,342
Short term deposits (Net of provision) (Note 28)	**250,935,817**	198,366,000
	500,553,676	471,522,458
Term deposits maturing after 90 days	**(156,898,035)**	(133,000,000)
	343,655,641	338,522,458

Notes:

i) The term deposits have different maturities and carry profit margin at market rates.

ii) The credit risk disclosures to expected credit losses on short term deposit under IFRS 9 have been disclosed in Note 28.

14 SHARE CAPITAL

	2016	*2015*
	QR	*QR*
Authorised, issued and fully paid:		
20,000,000 shares of QR 10 each	**200,000,000**	200,000,000

15 RESERVES

Legal reserve
In accordance with Qatar Commercial Companies Law, 10% of the profit for the year is transferred to a legal reserve. Transfers to this reserve are required to be made until such time as it equals at least 50% of the issued share capital of the Group. The Group has resolved to discontinue such transfers as the reserve exceeded 50% of share capital. This reserve is not available for distribution except in the circumstances stipulated in Qatar Commercial Companies Law.

Optional reserve
In accordance with the Group's Articles of Association, upon suggestion of the Board of Directors, the General Assembly may decide to deduct a portion of the net profit for the optional reserve. This optional reserve shall be used in the forms and ways that will be decided by the General Assembly. There were no movements during the year ended 31 December 2016 (2015: Nil).

Other reserves
Financial assets and liabilities at fair value through other comprehensive income reserve
The Group has elected to recognise changes in the fair value of investments in investment securities in other comprehensive income. These changes are accumulated within the Financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant investment securities are derecognised.

The breakdown and movements in "other reserves" during the year are stated below:

	AFS financial assets	***Financial assets at FVOCI***	***Total other reserves***
	QR	***QR***	***QR***
At 1 January 2015	(13,918,815)	-	(13,918,815)
Revaluation	(44,035,128)	-	(44,035,128)
Reclassification to profit or loss	(1,540,390)	-	(1,540,390)
Impairment losses	47,550,889	-	47,550,889
Other comprehensive income for the year	1,975,371	-	1,975,371
At 31 December 2015	(11,943,444)	-	(11,943,444)
Reclassification on adoption of IFRS 9 (Note 31)	11,943,444	(11,943,444)	-
Adjustment on adoption of IFRS 9	-	677,041	677,041
Transfer of loss on disposal of investment securities at FVOCI to retained earnings	-	2,502,421	2,502,421
Revaluation	-	1,643,265	1,643,265
Other comprehensive income for the year	-	4,822,727	4,822,727
At 31 December 2016	-	**(7,120,717)**	**(7,120,717)**

16 DISPOSAL OF A SUBSIDIARY

During the year, 2015 the Group disposed of 49% of its interest in Al Oumara Bakeries Company W.L.L., (Al Oumara) a subsidiary, to Qatar Quality Food Company L.L.C., reducing its interest to 51%. The proceeds on disposal amounting to QR 3 million were received in cash. The disposal was completed on 29 July 2015, where the control of Al Oumara was transferred to the acquirer. The retained ownership interest in Al Oumara is recognised as investment in associate and accounted for using equity method.

a. Analysis of net assets derecognised

The Group derecognised the assets, liabilities and equity as at date of the loss of control as follows:

	QR
ASSETS	
Property and equipment	842,045
Inventories	421,573
Accounts receivable and prepayments	92,695
Amounts due from a related party	729,595
Bank balances and cash	121,647
	2,207,555
LIABILITIES	
Employees’ end of service benefits	(160,322)
Accounts payable and accruals	(206,512)
Amounts due to a related party	(5,190,870)
	(5,557,704)
Net assets directly associated with the disposal group	(3,350,149)

The realised gain on disposal of a subsidiary is as follows:

	QR
Proceeds received	3,000,000
Add: Carrying amount of the 49% interest disposed (deficit)	1,641,573
Gain on disposal of a subsidiary	4,641,573

Net cash inflows on disposal of partial interest in a subsidiary:

	QR
Consideration received in cash and cash equivalents	3,000,000
Less: Bank balances and cash	(121,647)
	2,878,353

16 DISPOSAL OF A SUBSIDIARY (CONTINUED)

b. Discontinued operations

The results of discontinued operations included in the consolidated statement of profit or loss arising from the above transaction. The comparative profit from discontinued operations have been re-presented to include those operations as discontinued in the current year.

	Up to date of disposal in 2015 QR
Sales	1,570
Cost of sales	(1,118,206)
Gross loss	(1,116,636)
General and administrative expenses	(70,225)
Depreciation	(24,708)
Loss for the period up to the date of derecognition	(1,211,569)
Gain on disposal of a subsidiary	4,641,573
Profit from discontinued operations attributable to the owners of the Group	3,430,004

Net cash flows from discontinued operations are set out below:

	2015 QR
Net cash used in operating activities	(6,414)
Net cash used in financing activities	(60,304)
Net decrease in cash and cash equivalents	(66,718)

c. Provision for deficit in an associate

The 51% retained interest in Al Oumara Bakeries Company W.L.L. is accounted for using the equity method in these consolidated financial statements. Provisions are recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The summarised statement of financial position as of 31 December 2015 is as follows:

	2015 QR
Total assets	1,893,715
Total liabilities	(6,602,495)
Net deficits	(4,708,780)
Group share holding	51%
Group’s proportionate interest (provision) in associate’s net deficit	(2,401,478)

17 INTEREST BEARING LOANS AND BORROWINGS

	2016	*2015*
	QR	*QR*
Long term Murabaha facility	**133,979,704**	88,900,000
Deferred financing arrangement cost	**(123,066)**	(371,912)
	133,856,638	88,528,088
Less: Current portion	**12,310,109**	3,564,833
	121,546,529	84,963,255

This loan represents Murabaha facility obtained from Qatar Development Bank on 20 June 2014. The facility carries a profit rate of 3% per annum and is payable over 40 quarterly instalments starting 30 September 2016. The Murabaha is presented net of unamortised financing arrangement cost.

The Murabaha was obtained to partially fund an acquisition of a subsidiary in Oman in prior years. The facility agreement contains certain covenants related to the capital structure of the operation of the business of Al Meera Markets S.A.O.C., the Group's subsidiary in Oman. During the year 2016, there was an additional draw down amounting to QR 50 million by the Group.

18 EMPLOYEES' END OF SERVICE BENEFITS

	2016	*2015*
	QR	*QR*
At 1 January	**25,799,696**	23,384,170
Provided during the year	**5,745,073**	4,564,955
End of service benefits paid	**(2,700,872)**	(1,989,107)
Derecognition from disposal of a subsidiary (Note 16)	**-**	(160,322)
At 31 December	**28,843,897**	25,799,696

19 ACCOUNTS PAYABLE AND ACCRUALS

	2016	*2015*
	QR	*QR*
Trade accounts payable	**405,232,415**	290,451,283
Dividends payable	**88,320,607**	70,573,020
Payable to contractors	**33,542,643**	18,496,861
Accrued expenses	**37,605,549**	32,593,164
Provision for social and sports fund	**4,751,925**	3,820,434
Provision for deficit in an associate (Note 10)	**3,879,717**	2,401,478
Deferred rent income	**785,916**	1,736,389
Other payables	**11,386,766**	6,772,089
	585,505,538	426,844,718

20 RELATED PARTY DISCLOSURES

Related party transactions
Related parties represent associated companies, Government and semi Government agencies, associates, major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners. In the ordinary course of business, the Group enters into transactions with related parties. Pricing policies and terms of transactions are approved by the Group's management.

Qatar Holding L.L.C. holds 26% of the Company's capital. In the course of business, the Group supplies its commodities to various Government and semi-Government agencies in the State of Qatar. The Group also avails various services from these parties in the State of Qatar.

The transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2016 ***QR***	*2015* *QR*
Purchases:		
Al Oumara Bakeries Company W.L.L. (Associate)	**2,847,958**	4,912,717
Sales:		
Al Oumara Bakeries Company W.L.L. (Associate)	**3,985,944**	2,101,069
Sales Commission income:		
Al Oumara Bakeries Company W.L.L. (Associate)	**1,157,210**	525,267

Related party balances
Balances with related parties included in the consolidated statement of financial position are as follows:

Amounts due from related parties:	***2016*** ***QR***	*2015* *QR*
Associates:		
Al Oumara Bakeries Company W.L.L.	**8,465,771**	5,653,460
Aramex Logistics Services Company L.L.C.	**11,469**	6,919
	8,477,240	5,660,379

Terms and conditions of transactions with related parties
The transactions with the related parties are performed at the terms equivalent to those that prevails in arm's length transactions. Outstanding balances at the end of the year are unsecured, interest free and the settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel

	2016 ***QR***	*2015* *QR*
Key management remuneration	**5,152,011**	5,872,890
Board of Directors' remuneration	**6,234,936**	5,797,000
	11,386,947	11,669,890

21 COMMITMENTS

(a) Capital commitments

Estimated capital expenditure contracted for at the reports date but not provided for:

	2016 ***QR***	*2015* *QR*
Capital commitments – Property and equipment		
Estimated capital expenditure approved and contracted as of the reporting date	**247,558,393**	195,000,000

(b) Operating lease commitments

The Group has entered into non-cancellable lease agreements for certain land and buildings in various divisions. Future minimum lease rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2016 ***QR***	*2015* *QR*
Within one year	**35,484,553**	32,122,548
After one year, but not more than five years	**91,324,505**	104,586,596
More than five years	**114,100,398**	55,786,608
	240,909,456	192,495,752

22 CONTINGENCIES

At 31 December 2016, the Group had contingent liabilities in respect of letters of credit and letters of guarantee and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. The details are as follows,

	2016 ***QR***	*2015* *QR*
Letters of guarantees	**4,949,651**	4,780,502
Letters of credits	**892,210**	232,250
	5,841,861	5,012,752

23 DIVIDENDS

The Board of Directors have proposed a 90% cash dividend of QR 9 per share totalling QR 180 million for the year 2016, which is subject to the approval of the equity holders at the Annual General Assembly (2015: QR 9 per share totaling QR 180 million for the year 2015).

During the current reporting year, following the approval at the Annual General Assembly held on 28 March 2016, the Company paid a cash dividend of QR 9 per share totalling QR 180 million (2015: QR 9 per share, totalling QR 180 million) relating to the year 2015.

24 CONTRIBUTION TO SOCIAL AND SPORTS FUND

In accordance with Law No. 13 of 2008, the Group made an appropriation of profit of QR 4.75 million in 2016 (2015: QR 3.8 million) equivalent to 2.5% of the adjusted net profit of the Group and that of its subsidiaries for the year for the support of sports, cultural, social and charitable activities.

25 EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the Parent by the weighted average number of shares outstanding during the year. The computation of basic and diluted earnings per share are equal as there were no differences in the net profit attributable to equity holders of the parent and weighted number of shares.

	2016 ***QR***	*2015* *QR*
Profit from continuing and discontinued operations attributable to equity holders of the parent	**199,155,622**	162,094,323
Profit from continuing operations attributable to equity holders of the parent	**199,155,622**	158,664,319
Weighted average number of shares	**20,000,000**	20,000,000
Basic and diluted earnings per share		
Attributable to equity holders of the parent from continuing operations	**9.96**	7.93
Attributable to equity holders of the parent from discontinued operations	**-**	0.17
Total basic and diluted earnings per share	**9.96**	8.10

26 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three operating segments as follows:

i) The retail segment, which comprises the buying and selling of consumer good
ii) The investment segment, which comprises equity and funds held as available-for-sale investments, and fixed deposits.
iii) The leasing segment, which comprise mainly of renting shops in various malls owned by the Group.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured the same as the operating profit or loss in the consolidated financial statements.

	Retail	*Investment*	*Leasing*	*Total*
	QR	*QR*	*QR*	*QR*
Year ended 31 December 2016:				
Sales	**2,604,445,088**	**-**	**-**	**2,604,445,088**
Cost of sales	**(2,162,708,043)**	**-**	**-**	**(2,162,708,043)**
Gross profit	**441,737,045**	**-**	**-**	**441,737,045**
Shops rental income	**-**	**-**	**69,255,385**	**69,255,385**
Dividend income	**-**	**9,800,370**	**-**	**9,800,370**
Interest income	**-**	**8,410,371**	**-**	**8,410,371**
Other income	**2,178,393**	**204,209**	**-**	**2,382,602**
Operating income	**443,915,438**	**18,414,950**	**69,255,385**	**531,585,773**
General and administrative expenses	**(275,797,701)**	**(896,140)**	**(1,469,551)**	**(278,163,392)**
Share in net loss of an associate	**-**	**(1,478,239)**	**-**	**(1,478,239)**
Finance costs	**(3,581,182)**	**-**	**-**	**(3,581,182)**
Depreciation and amortisation	**(44,008,158)**	**-**	**(4,142,144)**	**(48,150,302)**
Profit before income tax	**120,528,397**	**16,040,571**	**63,643,690**	**200,212,658**
Income tax expense	**(335,274)**	**-**	**-**	**(335,274)**
Profit from continuing operations	**120,193,123**	**16,040,571**	**63,643,690**	**199,877,384**
Profit for the year from discontinued operations	**-**	**-**	**-**	**-**
Profit for the year	**120,193,123**	**16,040,571**	**63,643,690**	**199,877,384**

26 SEGMENT INFORMATION (CONTINUED)

	Retail QR	*Investment QR*	*Leasing QR*	*Total QR*
Year ended 31 December 2015:				
Sales	2,449,080,123	-	-	2,449,080,123
Cost of sales	(2,021,922,739)	-	-	(2,021,922,739)
Gross profit	427,157,384	-	-	427,157,384
Shops rental income	-	-	50,333,872	50,333,872
Dividend income	-	9,276,948	-	9,276,948
Gain on available for sale investments	-	1,051,844	-	1,051,844
Interest income	-	6,459,861	-	6,459,861
Other income	4,299,476	-	-	4,299,476
Operating income	431,456,860	16,788,653	50,333,872	498,579,385
General and administrative expenses	(249,854,030)	-	(2,932,070)	(252,786,100)
Impairment loss	-	(47,550,889)	-	(47,550,889)
Share in net loss of an associate	-	(692,902)	-	(692,902)
Finance costs	(2,863,370)	-	-	(2,863,370)
Depreciation and amortisation	(32,720,641)	-	(2,930,543)	(35,651,184)
Profit before income tax	146,018,819	(31,455,138)	44,471,259	159,034,940
Income tax expense	(122,492)	-	-	(122,492)
Profit from continuing operations	145,896,327	(31,455,138)	44,471,259	158,912,448
Profit for the year from discontinued operations	3,430,004	-	-	3,430,004
Profit for the year	149,326,331	(31,455,138)	44,471,259	162,342,452

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2015: Nil). The accounting policies of the reportable segment are the same as per the Group accounting policies described in Note 2.

The following table presents segmental assets regarding the Group's business segments for the year ended 31 December 2016 and 31 December 2015 respectively:

	Retail QR	*Investment QR*	*Leasing QR*	*Total QR*
Segment assets:				
At 31 December 2016	**1,623,236,880**	**423,741,919**	**143,903,389**	**2,190,882,188**
At 31 December 2015	1,565,832,359	343,361,317	57,172,839	1,966,366,515

26 SEGMENT INFORMATION (CONTINUED)

Geographically, the Group operates in the State of Qatar and the Sultanate of Oman. Following is the summary of key balances related to each geography:

	Qatar		***Oman***		***Total***	
	2016 QR	*2015 QR*	***2016 QR***	*2015 QR*	***2016 QR***	*2015 QR*
Total assets	**2,006,337,964**	1,780,535,474	**184,544,224**	185,831,041	**2,190,882,188**	1,966,366,515
Total liabilities	**727,256,447**	520,914,780	**20,985,963**	20,257,722	**748,242,410**	541,172,502

	Qatar		***Oman***		***Total***	
	2016 QR	*2015 QR*	***2016 QR***	*2015 QR*	***2016 QR***	*2015 QR*
Sales	**2,468,794,842**	2,301,843,934	**135,650,246**	147,236,189	**2,604,445,088**	2,449,080,123
Profit	**197,452,732**	160,326,843	**2,424,652**	2,015,609	**199,877,384**	162,342,452

27 MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Names of the subsidiaries	*Country of incorporation*	*Non-controlling interests*		*Allocated profit (loss)*		*Accumulated balances*	
		2016	*2015*	***2016***	*2015*	***2016***	*2015*
Al Meera Markets S.A.O.C.	Oman	**30%**	30%	**735,171**	264,632	**39,495,815**	38,760,644
Al Meera Oman S.A.O.C.	Oman	**30%**	30%	**(7,775)**	(7,062)	**1,392,442**	1,400,217
Alge Retail Corporation Sarl	Switzerland	**49%**	49%	**(5,634)**	(9,441)	**2,594**	8,228
				721,762	248,129	**40,890,851**	40,169,089

Notes:
The Group has the power to appoint and remove the majority of the Board of Directors of the above stated subsidiaries. The relevant activities of these subsidiaries are determined by the Board of Directors based on majority votes. Therefore, the directors of the Group concluded that the Group has control over these subsidiaries and they are consolidated in this consolidated financial statements.

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interest is set out below. Since there were no material transaction and balances in Alge Retail Corporation Sarl, the relevant amounts have not been included in the summarised financial information. The summarised financial information below represents amounts before intergroup eliminations.

Al Meera Markets S.A.O.C. and Al Meera Oman S.A.O.C.

Income statement:

	2016 QR	*2015 QR*
Revenue	**135,650,245**	147,236,189
Other income	**9,327,918**	8,643,752
Expenses	**(142,553,511)**	(155,021,373)
Profit for the year	**2,424,652**	858,568
Attributable to:		
Equity holders of the parent	**1,697,256**	600,998
Non-controlling interests	**727,396**	257,570
	2,424,652	858,568

Statement of financial position:

	2016 QR	*2015 QR*
Non-current assets	**146,268,162**	145,734,571
Current assets	**42,880,676**	44,732,709
	189,148,838	190,467,280
Equity attributable to equity holders of the parent	**95,405,928**	93,708,676
Non-controlling interests	**40,888,257**	40,160,861
Non-current liabilities	**951,060**	839,050
Current liabilities	**51,903,593**	55,758,693
	189,148,838	190,467,280

27 MATERIAL PARTLY OWNED SUBSIDIARIES (CONTINUED)

Statement of cash flows

	2016 ***QR***	*2015* *QR*
Net cash from (used in) operating activities	**14,551,597**	(1,487,292)
Net cash used in investing activities	**(13,297,682)**	(2,953,341)
Net cash (used in) from financing activities	**(7,801,105)**	7,842,963
Net (decrease) increase in cash and cash equivalents	**(6,547,190)**	3,402,330

28 FINANCIAL RISK MANAGEMENT

Objective and policies
The Group's principal financial liabilities comprises of accounts payable and loans and borrowings. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets comprise trade and other receivables, due from related parties, investment securities and cash and bank balances, which arise directly from its operations. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. Management reviews and agrees policies for managing each of these risks which are summarized below:

Market risk
Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity price will affect the Group's income, equity or the value of its holdings of financial instruments. The management reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's call deposits with floating interest rates.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets held at 31 December. The effect of decreases will be equal and opposite to the effect of increases shown below:

	Changes in basis points	*Effect on profit QR*
2016		
Floating rate instruments	**+25 b.p**	**369,191**
2015		
Floating rate instruments	+25 b.p	495,915

Equity price risk
The following table demonstrates the sensitivity of the effect of cumulative changes in fair values recognised in the equity to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Changes in equity prices	*Effect on equity QR*
2016		
Quoted equity shares	**+5%**	**7,278,736**
2015		
Quoted equity shares	+5%	9,828,135

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to of changes in foreign exchange rates. As the Qatari Riyal is pegged to US Dollar, balances in US Dollars are not considered to represent significant currency risk. The Group is not exposed to significant currency risk, in light of minimal balances in foreign currencies other than US Dollars.

Credit risk
The Group is exposed to credit risk if counterparties fail to make payments as they fall due in respect of:

- Payment of trade receivables as invoices fall due 120 days after being raised
- Cotractual cash flows of bank deposits carried at amortised cost

The following credit risk modelling applies for financial assets originated from 1 January 2016:

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer’s ability to meet its obligations;
- Actual or expected significant changes in the operating results of the customer;
- Significant increases in credit risk on other financial instruments of the same customer;
- Significant changes in the expected performance and behavior of the customer, including changes in the payment status of customers in the group and changes in the operating results of the customer.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 120 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 120 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in consolidated statement of profit or loss.

i. General approach
General approach is used for fixed deposits and trade accounts receivables with extended credit terms. The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables, and adjusts for forward looking macroeconomic data. The Group provides for credit losses against these financial assets as at 31 December 2016 as follows:

Category	***External Credit rating***	***Expected credit loss rate***	***Basis for recognition of expected credit loss provision***	***Estimated gross carrying amount at default***	***Carrying amount (net of impairment provision)***
Short term deposit	Investment grade	0.3%	12 month expected losses	252,526,991	251,809,016
Trade accounts receivable from government entities	Investment grade	3.4%	12 month expected losses	8,691,185	8,661,584

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

ii. Simplified approach

For accounts receivable, except for accounts receivable from government entities, Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for those receivables. The loss allowance provision as at 31 December 2016 is determined as follows:

31 December 2016	*Current*	*30 – 60 days past due*	*61 – 90 days past due*	*91 - 120 days past due*	*More than 120 days past due*	*Total*
Gross carrying amount	**2,279,378**	**1,171,984**	**210,486**	**157,036**	**1,243,057**	**5,061,941**
Loss allowance provision	**194,808**	**193,859**	**136,097**	**132,944**	**1,092,810**	**1,750,518**

The expected credit losses below also incorporate forward looking information.

The loss allowance provision as at 31 December 2015 reconciles to the opening loss allowance for that provision as follows:

	General approach QR	*Simplified approach QR*	*Total QR*
Closing loss allowance as at 31 December 2015 (calculated under IAS 39)	-	2,320,046	2,320,046
Amounts adjusted through opening retained earnings	891,264	(891,264)	-
Opening loss allowance as at 1 January 2016 (calculated under IFRS 9)	891,264	1,428,782	2,320,046
Loss allowance (reversed) recognised in profit or loss during the year	(143,688)	321,736	178,048
As at 31 December 2016	**747,576**	**1,750,518**	**2,498,094**

The gross carrying amount of trade receivables is QR 11,914,829 (2015: QR 13,832,546) (Note 12).

During the year 2016, the Group made no write-offs of trade accounts receivables and it does not expect to receive future cash flows from and no recoveries from collection of cash flows previously written off.

Total loss allowance presented as follows:

	2016 QR
Allowance for trade accounts receivable (Note 12)	**1,780,129**
Allowance for term deposits at amortised cost	**717,965**
	2,498,094

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's operations.

The table below summaries the maturity profile of the Group's financial liabilities at 31 December based on undiscounted contractual payment dates and current market interest rate.

	On demand QR	***Less than 1 year QR***	***1- 5 years QR***	***> 5 years QR***	***Total QR***
At 31 December 2016					
Trade accounts payable	**-**	**405,232,415**	**-**	**-**	**405,232,415**
Dividends payable	**88,320,607**	**-**	**-**	**-**	**88,320,607**
Other payables	**-**	**44,929,409**	**-**	**-**	**44,929,409**
Interest bearing loans and borrowings	**-**	**16,256,910**	**65,027,640**	**75,969,334**	**157,253,884**
	88,320,607	**466,418,734**	**65,027,640**	**75,969,334**	**695,736,315**

	On demand QR	*Less than 1 year QR*	*1- 5 years QR*	*> 5 years QR*	*Total QR*
At 31 December 2015					
Trade accounts payable	-	290,451,283	-	-	290,451,283
Dividends payable	70,573,020	-	-	-	70,573,020
Other payables	-	25,268,950	-	-	25,268,950
Interest bearing loans and borrowings	-	6,517,287	41,292,494	59,357,960	107,167,741
	70,573,020	322,237,520	41,292,494	59,357,960	493,460,994

Capital management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group makes adjustments to its capital structure, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the years end 31 December 2016 and 31 December 2015.

Capital includes share capital and retained earnings and is measured at QR 485,829,206 at 31 December 2016. (2015: QR 473,927,930).

29 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values
Financial instruments comprise financial assets and financial liabilities.

Financial assets consists of cash and cash equivalents, available-for-sale investments, and trade and other receivables. Financial liabilities consist of loans and borrowings and trade and other payables.

The fair values of the financial assets and liabilities, with the exception of certain unquoted available-for-sale investments carried at cost, are not materially different from their carrying values.

29 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December, the Group held the following financial instruments measured at fair value:

31 December 2016	***Total***	***Level 1***	***Level 2***	***Level 3***
	QR	***QR***	***QR***	***QR***
Quoted equity shares	**145,574,712**	**145,574,712**	-	-
Un-quoted equity shares	**14,352,159**	**-**	-	**14,352,159**

31 December 2015	*Total*	*Level 1*	*Level 2*	*Level 3*
	QR	*QR*	*QR*	*QR*
Quoted equity shares	196,562,702	196,562,702	-	-

During the year ended 31 December 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As of 31 December 2015, investment securities include, un-quoted investments amounting to QR 13,700,119 carried at cost less any impairment, as their fair values cannot be reliably estimated, due to the uncertain nature of cash flows.

30 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group’s accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the financial statements. The most significant judgments and estimates used are as follows:

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Useful lives of property and equipment and intangibles
The Group's management determines and intangible assets the estimated useful lives of its property and equipment in order to calculate the depreciation. This estimate is determined after considering the expected usage of the asset and intangibles, physical wear and tear, technical or commercial obsolescence. The Group’s management reviews the residual value and useful lives annually and future depreciation and amortaisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

30 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate the present value. The recoverable amount of the cash generating unit is determined by management based on value in use calculation which uses cash flow projections based on forecast revenue and profit margin which have been projected for five ears discrete period. The forecast EBITDA has been adjusted for changes in working capital and capital expenditure requirements to arrive at free cash flows forecast. The management used discount rate of 8% (2015: 7%) and terminal growth rate of 3.6% (2015: 5%).

Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

31 CHANGES IN ACCOUNTING POLICIES

As explained in accounting policies (Note 2), the Group has early adopted IFRS 9 as issued in July 2014, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The accounting policies were changed to comply with IFRS 9 as issued by the IASB in July 2014. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

(a) Classification and measurement of financial instruments
The total impact on the Group's retained earnings due to classification and measurement of financial instruments as at 1 January 2016 is as follows:

	QR
Retained earnings as at 31 December 2015 (as previously reported)	273,927,930
Decrease in provision for trade accounts receivable	(569,877)
Increase in provision for term deposits at amortised cost	569,877
Adjustment to retained earnings on early adoption of IFRS 9	-
Retained earnings as at 1 January 2016 (adjusted)	273,927,930

31 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

On 1 January 2016, the Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 (1 January 2016) and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets – 1 January 2016	***Available for sale (AFS)***	***Other financial assets (Held-at amortised cost)****	***FVOCI***	***Total financial assets***
	QR	***QR***	***QR***	***QR***
Opening balance	210,262,821	39,837,769	-	250,100,590
Adjustment on early adoption of IFRS 9				
Reclassify non-trading equities from AFS to FVOCI	(210,262,821)	-	210,262,821	-
Opening balance	-	39,837,769	210,262,821	250,100,590

* Includes financial assets measured at amortised costs except for cash and cash equivalents.

The impact of these changes on the Group's equity is as follows:

Reserves – 1 January 2016	***Effect on AFS reserves***	***Effect on FVOCI reserve***	***Effect on retained earnings***
	QR	***QR***	***QR***
Opening balance	(11,943,044)	-	-
Adjustment on early adoption of IFRS 9			
Reclassify non-trading equities from AFS to FVOCI	11,943,044	(11,943,044)	-
Opening balance	-	(11,943,044)	-

(i) Equity investments previously classified as available-for-sale

The Group elected to present in Other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, as these investments are not held for trading. As a result, assets with a fair value of QR 210,262,821 were reclassified from available-for-sale financial assets to financial assets at fair value through OCI (FVOCI) and fair value loss of 11,943,444 were reclassified from the available-for-sale financial assets reserve to the financial assets at fair value through OCI reserve on 1 January 2016. There is no longer any reclassification of amounts from reserves to profit or loss on the disposal of these equity instruments. Dividends amounting to QR 9,800,370 were recognised in the consolidated statement of profit or loss.

31 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Classification and measurement of financial instruments (continued)

(ii) Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, 1 January 2016, the classification and measurement of financial instruments of the Group were as follows,

Financial assets – 1 January 2016	***Measurement category***		***Carrying amounts***		
	Original (IAS 39)	***New (IFRS 9)***	***Original QR***	***New QR***	***Difference QR***
Non-current financial assets					
Investment securities	*Available for sale*	*FVOCI*	210,262,821	210,939,862	677,041
Current financial assets					
Trade accounts receivables	*Amortised cost*	*Amortised cost*	13,832,546	13,832,546	-
Cash and cash equivalents	*Amortised cost*	*Amortised cost*	469,479,342	469,479,342	-
Other receivables	*Amortised cost*	*Amortised cost*	26,005,223	26,005,223	-

(b) Impairment of financial assets

The Group has the following two types of financial assets subject to IFRS 9's new expected credit loss model:

- Trade accounts receivable
- Other financial assets carried at amortised cost

The Group is required to revise its impairment methodology under IFRS 9 for each of these classes of assets.

The impact of the change in impairment methodology on the Group's equity is disclosed in the table above.